



UNIVERSITY OF COLOMBO, SRI LANKA

FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration (Level II - Semester VII) Examination

July 2017

BEC 2203 – Development Economics

Two (02) Hours

Answer any Four (04) questions.

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1. “Economic development thought has been evolving with a shift in its major focus. This shift has made economic development more complex and multidimensional.”
- Identify the major focus of the economic development thought in 1950s, 1970s and 1990 onward.
(10 Marks)
 - “The three (03) core values of contemporary economic development are based on the economic development thought initiated in 1990.”
Elaborate the above statement.
(15 Marks)
- (Total 25 marks)**
2. “Privatization, liberalization and deregulation are the fundamental requirements of the World Bank in eradicating poverty and minimizing inequality in developing countries.”
- Do you think that the above objective is achievable through market friendly economic policies? Justify your answer.
(10 Marks)
 - Identify the role of the government of a developing country with appropriate economic policy changes required to achieve development objectives in the above context.
(15 Marks)
- (Total 25 marks)**

3. "The nature and/or the practices of culture, politics and climate are the main constraints which hinder the economic prosperity in the developing world."

Evaluate the above statement by drawing examples from the developing world.

(25 Marks)

4. "The mechanism for enhancing the nation's wealth is specialization and exchange."

- Adam Smith, 1776

"Wealth of the capitalists comes from the exploitation of the surplus value created by the workers."

- Karl Marx, 1867

Critically evaluate the validity of above two (02) statements in explaining the economic development in the present context.

(25 Marks)

5. "Structural transformation in economic development creates both benefits and problems to a developing country."

- i. Identify the nature and causes of the relationship between economic growth and income inequality in the modern sector enlargement growth typology.

(10 Marks)

- ii. Explain the labour market transition and its economic consequences in the modern sector enlargement growth typology using 'Harris-Todaro Two-sector model'.

(15 Marks)

(Total 25 marks)

6. "Industrial policy of an economy is a summary term for the activities of governments that are intended to develop or retrench targeted industries in a national economy in order to maintain global competitiveness."

Based on the East Asian industrial policy experience, what type of industrial policy would be suitable for Sri Lanka? Justify your answer.

(25 Marks)